

1 AN ACT concerning patient billing.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Health Maintenance Organization Act is
5 amended by changing Section 2-8 as follows:

6 (215 ILCS 125/2-8) (from Ch. 111 1/2, par. 1407.01)

7 Sec. 2-8. Provider agreements and stipulations.

8 (a) All provider contracts currently in existence between
9 any organization and any provider hospital which are renewed
10 on or after 180 days following the effective date of this
11 amendatory Act of 1987, and all contracts between any
12 organization and any provider hospital executed on or after
13 180 days after such effective date, shall contain the
14 following "hold-harmless" clause: "The provider agrees that
15 in no event, including but not limited to nonpayment by the
16 organization of amounts due the hospital provider under this
17 contract, insolvency of the organization or any breach of
18 this contract by the organization, shall the hospital
19 provider or its assignees or subcontractors have a right to
20 seek any type of payment from, bill, charge, collect a
21 deposit from, or have any recourse against, the enrollee,
22 persons acting on the enrollee's behalf (other than the
23 organization), the employer or group contract holder for
24 services provided pursuant to this contract except for the
25 payment of applicable co-payments or deductibles for services
26 covered by the organization or fees for services not covered
27 by the organization. The requirements of this clause shall
28 survive any termination of this contract for services
29 rendered prior to such termination, regardless of the cause
30 of such termination. The organization's enrollees, the
31 persons acting on the enrollee's behalf (other than the

1 organization) and the employer or group contract holder shall
2 be third party beneficiaries of this clause. This clause
3 supersedes any oral or written agreement now existing or
4 hereafter entered into between the provider and the enrollee,
5 persons acting on the enrollee's behalf (other than the
6 organization) and the employer or group contract holder." To
7 the extent that any hospital provider contract, which is
8 renewed or entered into on or after 180 days following the
9 effective date of this amendatory Act of 1987, fails to
10 incorporate such provisions, such provisions shall be deemed
11 incorporated into such contracts by operation of law as of
12 the date of such renewal or execution.

13 (b) Providers and their assignees or subcontractors may
14 not seek any type of payment from, bill, charge, collect a
15 deposit from, or have any recourse against an enrollee,
16 persons acting on an enrollee's behalf (other than the
17 organization), the employer, or group contract holder for
18 services provided pursuant to a contract, except for the
19 payment of applicable copayments or deductibles for services
20 covered by the organization or fees for services not covered
21 by the organization.

22 (c) Any collection or attempt to collect moneys or
23 maintain action against any subscriber or enrollee as
24 prohibited in subsection (b) may be reported as a complaint
25 to the Director by any person. A person making such a
26 complaint shall be immune from liability for doing so.

27 (d) Within 14 days after of the Director's receipt of a
28 complaint under this subsection, the Director must provide a
29 written notice of the complaint to the reported provider's
30 licensing or disciplinary board or committee.

31 (e) The Director must maintain a record of all notices
32 of complaint provided to licensing or disciplinary boards or
33 committees under this Section. This record must be provided
34 to any person within 14 days after the Director's receipt of

1 a written request for the record.

2 (f) The Department shall investigate complaints received
3 by the Director regarding violations of subsection (b).

4 (g) The Department must utilize the most efficient and
5 effective methods to investigate each complaint. This may
6 include requirements of the production of documents or review
7 of records.

8 (h) When the Department determines through its
9 investigation that a violation of subsection (b) has
10 occurred, the Director shall require that the provider
11 reimburse, with interest at the rate of 9% per year, the
12 subscriber or enrollee for any prohibited collection of
13 moneys described in subsection (b).

14 (i) When the Department determines through its
15 investigation that a violation subsection (b) has occurred, a
16 notice of violation shall be served upon the provider.

17 (j) A notice of violation must be in writing and must
18 include all of the following:

19 (1) A description of the nature of the violation.

20 (2) A citation of the statutory provision alleged
21 to have been violated.

22 (3) A description of any action the Department may
23 take under this Section and any penalties that may be
24 assessed under the Medical Patient Rights Act.

25 (4) A description of the manner in which the
26 provider may contest the notice of violation and the
27 right to a hearing to contest the notice.

28 (k) The Director shall establish by rulemaking a formal
29 hearing process for subsection (b) of this Section.

30 (l) When the Department has determined a violation of
31 subsection (b) has occurred and (1) any appeal hearing has
32 taken place resulting in a decision upholding the
33 Department's determination or (2) the provider has waived the
34 appeal hearing, the Director shall carry out the sanctions

1 described in the notice of violation as outlined in item (3)
2 of subsection (j).

3 (m) The Director must provide a copy of the written
4 notice of violation imposed by the Department upon a provider
5 to the provider's licensing or disciplinary board or
6 committee.

7 (n) The Director must provide a copy of the written
8 notice of violation imposed by the Department upon a provider
9 to the State's Attorney's office in the county where the
10 violation occurred.

11 (o) The Director must maintain a record of all notices
12 of violation provided to licensing or disciplinary boards or
13 committees under this Section. This record must be provided
14 to any person within 14 days after the Director's receipt of
15 a written request for the record.

16 (p) The Department, an enrollee, or a health maintenance
17 organization may pursue injunctive relief to ensure
18 compliance with this Section.

19 (q) (b) All provider and subcontractor contracts must
20 contain provisions whereby the provider or subcontractor
21 shall provide, arrange for, or participate in the quality
22 assurance programs mandated by this Act, unless the Illinois
23 Department of Public Health certifies that such programs will
24 be fully implemented without any participation or actions
25 from such contracting provider.

26 (r) (e) The Director may promulgate rules requiring that
27 provider contracts contain provisions concerning reasonable
28 notices to be given between the parties and for the
29 organization to provide reasonable notice to its enrollees
30 and to the Director. Notice shall be given for such events
31 as, but not limited to, termination of insurance protection,
32 quality assurance or availability of medical care.

33 (Source: P.A. 86-620.)

1 Section 10. The Medical Patient Rights Act is amended by
2 changing Section 4 and adding Section 3.3 as follows:

3 (410 ILCS 50/3.3 new)

4 Sec. 3.3. Prohibited billing practices.

5 (a) Health care providers, physicians, and their
6 assignees or subcontractors may not seek any type of payment
7 from, bill, charge, collect a deposit from, or have any
8 recourse against an insured patient, persons acting on the
9 insured patient's behalf (other than the insurer), the
10 employer, or group contract holder for services provided
11 pursuant to a contract in which an insurance company or
12 health services corporation has contractually agreed with a
13 health care provider or physician that the health care
14 provider or physician does not have such a right or rights,
15 except for the payment of applicable copayments or
16 deductibles for services covered by the insurance company or
17 health services corporation or fees for services not covered
18 by the insurance company or health services corporation.

19 (b) The Department of Insurance shall enforce the
20 provisions of this Section:

21 (1) Any collection or attempt to collect moneys or
22 maintain action against any insured patient as prohibited
23 in subsection (a) may be reported as a complaint to the
24 Director of the Department of Insurance by any person.

25 (2) A person making such a complaint shall be
26 immune from liability for doing so. Within 14 days after
27 the Director's receipt of a complaint under this Section,
28 the Director must provide a written notice of the
29 complaint to the reported health care provider's or
30 physician's licensing or disciplinary board or committee.

31 (3) The Director must maintain a record of all
32 notices of complaint provided to licensing or
33 disciplinary boards or committees under this Section.

1 This record must be provided to any person within 14 days
2 after the Director's receipt of a written request for the
3 record.

4 (4) The Department shall investigate complaints
5 received by the Director regarding violations of
6 subsection (a).

7 (5) The Department must utilize the most efficient
8 and effective methods to investigate each complaint.
9 This may include requirements of the production of
10 documents or review of records.

11 (6) When the Department determines through its
12 investigation that a violation of subsection (a) has
13 occurred, the Director shall require that the provider
14 reimburse, with interest at the rate of 9% per year, the
15 subscriber or enrollee for any prohibited collection of
16 moneys described in subsection (a).

17 (7) When the Department determines through its
18 investigation that a violation subsection (a) has
19 occurred, a notice of violation shall be served upon the
20 provider.

21 (8) A notice of violation must be in writing and
22 must include all of the following:

23 (A) A description of the nature of the
24 violation.

25 (B) A citation of the statutory provision
26 alleged to have been violated.

27 (C) A description of any action the Department
28 may take under this Section and any additional
29 penalties that may be assessed under this Act.

30 (D) A description of the manner in which the
31 provider may contest the notice of violation and the
32 right to a hearing to contest the notice.

33 (9) The Director shall establish by rulemaking a
34 formal hearing process for subsection (a) of this

1 Section.

2 (10) When the Department has determined a violation
3 of subsection (a) has occurred and (i) any appeal hearing
4 has taken place resulting in a decision upholding the
5 Department's determination or (ii) the provider has
6 waived the appeal hearing, the Director shall carry out
7 the sanctions described in the notice of violation as
8 outlined in item (8)(C) of this subsection.

9 (11) The Director must provide a copy of the
10 written notice of violation imposed by the Department
11 upon a provider to the provider's licensing or
12 disciplinary board or committee.

13 (12) The Director shall provide a copy of the
14 written notice of violation imposed by the Department
15 upon a provider to the State's Attorney's office in the
16 county where the violation occurred.

17 (13) The Director must maintain a record of all
18 notices of violation provided to licensing or
19 disciplinary boards or committees under this Section.
20 This record must be provided to any person within 14 days
21 after the Director's receipt of a written request for the
22 record.

23 (14) The Department, an insured patient, an
24 insurance company, or a health services corporation may
25 pursue injunctive relief to ensure compliance with this
26 Section in addition to the penalties provided for under
27 this Act.

28 (410 ILCS 50/4) (from Ch. 111 1/2, par. 5404)

29 Sec. 4. Offenses; penalties. Any physician or health
30 care provider that violates a patient's rights as set forth
31 in subparagraph (a) of Section 3 or Section 3.3 is guilty of
32 a petty offense and shall be fined \$500 per incident. Any
33 insurance company or health service corporation that violates

1 a patient's rights as set forth in subparagraph (b) of
2 Section 3 is guilty of a petty offense and shall be fined
3 \$1,000. Any physician, health care provider, health services
4 corporation or insurance company that violates a patient's
5 rights as set forth in subsection (c) of Section 3 is guilty
6 of a petty offense and shall be fined \$1,000.

7 (Source: P.A. 86-902.)